

VZCZCXYZ0005  
RR RUEHWEB

DE RUEHC #9092 3221801  
ZNR UUUUU ZZH  
R 181755Z NOV 09  
FM SECSTATE WASHDC  
TO RUEHSN/AMEMBASSY SAN SALVADOR 0000  
RUEHMN/AMEMBASSY MONTEVIDEO 0000  
INFO RUETIAA/DIRNSA FT GEORGE G MEADE MD  
RUEAIIA/CIA WASHINGTON DC  
RHMCSUU/FBI WASHINGTON DC 0000  
RUEKJCS/SECDEF WASHINGTON DC  
RUCPDOG/USDOC WASHINGTON DC 0000

UNCLAS STATE 119092

SENSITIVE  
SIPDIS  
SAN SALVADOR FOR BRENT CHRISTENSEN  
MONTEVIDEO FOR ALFRED SCHANDLBAUER

E.O. 12958: N/A  
TAGS: [ETTC](#) [KOMC](#) [ES](#) [UY](#)  
SUBJECT: BLUE LANTERN LEVEL 2: PRE-LICENSE END-USE CHECK  
ON LICENSE 050200117

¶1. (U) This is an Action Request. See paragraphs 4 and 5.

¶2. (U) The Department's Office of Defense Trade Controls Compliance (PM/DTCC) requests Post's assistance in conducting a pre-license check on license 050200117 for the export of firearms to El Salvador. Post is requested to complete this Blue Lantern check within 30 days. Lack of response to a Blue Lantern check will affect pending and future licenses involving parties to this license.

¶3. (SBU) Reason for Request: The purchase order from Salvadoran company, Cosase S.A., was issued to Glock America S.A. of Uruguay despite the latter not being listed on the license application. Also, the document indicates that Cosase S.A. will be paying for this shipment of firearms with cash, which is common in money laundering activities. Finally, the Government of Austria (GOA) has informed the USG that under Austrian law, Glock Inc. of the United States is limited to sales in North America only, and any sales to third countries require re-export authorization from the GOA. This check is to establish the bona fides of the Salvadoran and Uruguayan companies and determine the structure of this transaction.

¶4. (SBU) Action San Salvador: Post is requested to establish the bona fides of end-user Cosase S.A. by making inquiries to representatives of the company and appropriate authorities of the Government of El Salvador. Post is also requested to determine Cosase's relationship with Glock America S.A. of Uruguay and inquire about the mechanics of this cash transaction. The following points are included for guidance:

(To Cosase S.A. de C.V.)

--When was your company established and who are its principals?

--What products and services does your company provide? Who are your regular customers and where do they reside? Do you sell firearms to customers that reside outside El Salvador?

--What are your annual sales of U.S.-origin firearms?

--Your purchase order (PO No. 01-2009) indicates that you placed your order with Glock America S.A. based in Montevideo, Uruguay. What role is Glock America S.A. playing in this transaction? Did you have any direct contact with Glock Inc. in the United States? If so, with what individuals? Do you direct all your Glock purchase orders to Glock America S.A.? Will the firearms be shipped directly to El Salvador or will they come through Glock America S.A. in

Uruguay?

--The purchase order for these firearms lists the total value of the order at \$0 (zero dollars). It also indicates that your company is paying for the shipment in cash. To whom did/will you provide the cash? How and when will the cash be delivered? Why did you decide to pay in cash? Is this a normal business practice of your company? What is the total value of this order?

--Are you familiar with the regulations governing the import of U.S.-origin defense articles, including restrictions on re-transfer or re-export?

(To Appropriate Import/Export and/or Law Enforcement Authorities)

--Is Cosase S.A. legally permitted to import and sell firearms in the El Salvador?

--Do you have any information on Cosase S.A. that would question their reliability as a recipient of U.S. defense articles?

In its reply, Post is encouraged to comment on any other information pertinent to these transactions such as security of facilities, end-use, and concerns about the entities involved.

15. (SBU) Action Montevideo: Post is requested to establish the bona fides of intermediary Glock America S.A. by making inquiries to representatives of the company and appropriate authorities of the Government of Uruguay. Post is also requested to determine Glock America's relationship with Glock Inc. of the United States and inquire about the mechanics of this cash transaction. The following points are included for guidance:

(To Glock America S.A.)

--When was your company established and who are its principals?

--What products and services does your company provide? Who are your regular customers and where do they reside?

--What is your relationship to Glock Inc. in the United States? Glock in Austria? Are there any legal ties between Glock America and other Glock business entities?

--Please describe the normal procedure for and your role in facilitating a purchase of Glock firearms in South America. What services do you perform in such transactions and how are you compensated? What is your sales territory?

--The purchase order from Cosase S.A. of El Salvador (PO No. 01-2009) indicates that the company placed their order with Glock America S.A. Will the firearms be shipped directly to El Salvador or will they come through your company in Uruguay? What services do you perform in this transaction and how are you being compensated? Will you ever have physical possession of these firearms?

--The purchase order from Cosase S.A. of El Salvador lists the total value of this order as being \$0 (zero dollars). It also indicates that Cosase S.A. is paying for the shipment in cash. To whom did/will Cosase S.A. provide the cash? How and when will the cash be delivered? Did Glock America S.A. receive any cash from Cosase S.A.? Did Glock America S.A. facilitate the transfer of cash to Glock Inc. of the United States? Is this a normal business practice of your company? What is the total value of this order? What percentage of the money received from Cosase will remain with Glock America S.A. and how much is transferred to Glock Inc. of the United States?

--Are you aware that the re-export of Glock firearms from the United States to any third country requires authorization

from the Government of Austria?

--Are you familiar with the regulations governing the import of U.S.-origin defense articles, including restrictions on re-transfer or re-export? Are you familiar with regulations governing the brokering of U.S.-origin defense articles, including the requirement for all brokers of U.S. defense articles to be registered with the U.S. Department of State?

(To Appropriate Import/Export and/or Law Enforcement Authorities)

--Is Glock America S.A. legally permitted to import and sell firearms in the Uruguay?

--Is Glock America S.A. legally permitted to broker the sales of firearms in other countries?

--Do you have any information on Glock America S.A. that would question their reliability as a recipient of U.S. defense articles?

In its reply, Post is encouraged to comment on any other information pertinent to these transactions such as security of facilities, end-use, and concerns about the entities involved.

16. (U) Details of license applications:

DTC Case: 050200117

QUANTITY/COMMODITY:

210 Glock Pistols

126 Glock Magazines

License Value: USD \$78,973

SELLER:

Glock Inc.  
6000 Highlands Parkway  
Smyrna, GA 30082

FOREIGN INTERMEDIATE CONSIGNEE:

Glock America S.A.  
Plaza Independencia 831, Office 802, 11100  
Montevideo, Uruguay  
Tel: 598-2902-2227  
(NOTE: Not/not listed on the license application.)

FOREIGN END-USER:

Cosase S.A. de C.V.  
Col. Y Av. Bernal Res. Montecarlo #21 S.S.  
San Salvador, El Salvador  
Tel: 0614-010791-103-9

PURPOSE:

For commercial resale in El Salvador

17. (U) Submitted in support of the license application were the following documents (PM/DTCC will fax documentation to Posts upon request):

DSP-83 signed by Carlos Guervara (Glock Inc. of the U.S.) dated 11/06/2009 and Miguel Menendez Avelar (Cosase S.A.) not dated

Import Authorization Nos. 1816, 1817, and 1832 issued by the Ministry of National Defense signed by Jose Atilio Benitez Parada, Vice-Minister of National Defense dated 20 July 2009

Purchase Order No. 01/2009 from Cosase S.A. to Glock America S.A. signed by Miguel Menendez Avelar not dated

Purchase Order No. OC 2193 from Glock America S.A. to Glock Inc. dated 06 August 2009

18. (U) Please slug reply for PM/DTCC - BLUE LANTERN COORDINATOR and include the words "Blue Lantern" and the case number in the subject line. POC is Kyle M. Ballard, Phone: 202-663-1929; Email: BallardKM@state.gov; SIPRNET: BallardKM@state.sgov.gov. The Blue Lantern Guidebook (ref) is available as a PDF file on Intellipedia: [http://www.intelink.gov/wiki/Blue Lantern End-Use Monitoring Program](http://www.intelink.gov/wiki/Blue_Lantern_End-Use_Monitoring_Program)

19. (U) Department is grateful for Post's assistance in this matter.  
CLINTON